

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE OF GAS COST ADJUSTMENT)	
FILING OF WESTERN LEWIS-)	CASE NO. 92-331-Q
RECTORVILLE WATER AND GAS DISTRICT)	

O R D E R

On May 12, 1993, in Case No. 92-331, the Commission approved adjustments to the rates of Western Lewis-Rectorville Water and Gas District ("Western Lewis") to recover its purchased gas cost on a quarterly basis in accordance with the provisions of its gas cost adjustment ("GCA") clause.

On June 2, 1997, Western Lewis filed its GCA to be effective from July 1, 1997 to October 1, 1997.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Western Lewis's notice proposed revised rates to pass on its expected wholesale decrease in gas costs to its customers. Western Lewis's proposed expected gas cost ("EGC") is \$2.5858 per Mcf. This EGC was calculated based on the cost of gas purchased in April. Due to the changes in the cost of gas since April, it is more reasonable to estimate its gas cost for the quarter beginning July 1, 1997 using Nymex futures prices and storage costs. Western Lewis's EGC should be \$3.2994 per Mcf.
2. Western Lewis's notice set out no refund adjustment.

3. Western Lewis's proposed current actual adjustment ("AA") is 26.96 cents per Mcf. Correcting Western Lewis's filing to properly reflect net over-recoveries of January, February, and March 1997 gas cost from its customers and carrying the calculations out to four places past the decimal point results in a current AA of (27.08) cents per Mcf. The total AA of (48.09) cents per Mcf reflects the current net under-recovery, as well as previous quarters' under- and over-recoveries, and correctly sets out the third previous quarter AA at (31.34) per Mcf instead of (34.74) per Mcf.

4. Western Lewis's notice set out a current balance adjustment ("BA") of (1.84) cent per Mcf to reconcile a previous quarter AA. The current BA should be 1.84 cent per Mcf, and the second previous quarter BA should be (.67) cent per Mcf instead of .67 cent per Mcf, and the third previous quarter BA should be .05 cent per Mcf instead of (.05) cent per Mcf. The total BA is 1.57 cents per Mcf.

5. These combined adjustments produce a corrected gas cost recovery rate ("GCR") of \$2.8342 per Mcf, 15.39 cents per Mcf less than its prior rate.

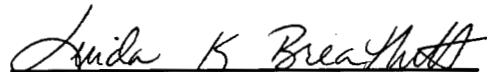
6. The revised rates in the Appendix to this Order are fair, just, and reasonable, in the public interest, and should be approved for service rendered on and after July 1, 1997.

IT IS THEREFORE ORDERED that:


1. Western Lewis's proposed rates be and they hereby are denied.
2. The rates in the Appendix to this Order are fair, just, and reasonable, and are effective for service rendered on and after July 1, 1997.
3. Within 30 days of the date of this Order, Western Lewis shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 1st day of July, 1997.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 92-331-Q DATED July 1, 1997.

The following rates and charges are prescribed for the customers served by Western Lewis-Rectorville Water and Gas District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

RETAIL RATES:

Customer Charge \$1.00 per month

Monthly Usage

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
First 1,000 cu. ft. or less (Minimum Bill)	\$3.9883	\$2.8342	\$6.8225
Next 4,000 cu. ft. per 1,000 cu. ft.	1.4565	2.8342	4.2907
Next 5,000 cu. ft. per 1,000 cu. ft.	1.3970	2.8342	4.2312
Over 10,000 cu. ft. per 1,000 cu. ft.	1.2228	2.8342	4.0570